

**PUBLIC DISCLOSURE**

**May 2, 2011**

**COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**WRENTHAM CO-OPERATIVE BANK**

**Cert. # 26576**

**102 SOUTH STREET  
WRENTHAM, MASSACHUSETTS 02093**

**DIVISION OF BANKS  
1000 WASHINGTON STREET, 10<sup>th</sup> FLOOR  
BOSTON, MA 02118**

<b>NOTE:</b>	This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.
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## GENERAL INFORMATION

The Community Reinvestment Act (“CRA”) requires the Massachusetts Division of Banks (“Division”) to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agencies must prepare a written evaluation of the institution's record of meeting the credit needs of its assessment area.

This document is an evaluation of the CRA performance of **Wrentham Co-operative Bank (or the “Bank”)** prepared by the Division, the institution's supervisory agencies, as of **May 2, 2011**. These agencies evaluate the Bank’s performance in the assessment area, as it is defined by the institution, rather than individual branches. This assessment area evaluation may include visits to some, but not necessarily all of the institution’s branches. The Division rates the CRA performance of an institution consistent with the provisions set forth in the Division’s regulation 209 CMR 46.00.

*INSTITUTION'S CRA RATING:* This institution is rated **“SATISFACTORY.”**

An institution in this group demonstrates an adequate record of helping to meet the credit needs of its assessment area, including low- and moderate-income individuals, in a manner consistent with its resources and capabilities.

The CRA rating is based on the following factors:

- The average Loan-To-Deposit (“LTD”) ratio is considered adequate at 60.9 percent given the Bank’s loan portfolio and the marked growth in deposits.
- A majority of the Bank’s home mortgage loans were made in the Bank’s assessment area. Home mortgage loans made within the assessment area represent 67.7 percent of total originations for the period under review.
- Overall, the distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels (including low- and moderate-income).
- While there were no low- or moderate-income Census tracts in the assessment area, the geographic distribution of home mortgage loans reflect an adequate dispersion throughout the Bank’s assessment area.
- There were no CRA-related complaints received during the examination period.

## **SCOPE OF THE EVALUATION**

Small Institution CRA procedures were utilized for the evaluation. These procedures evaluate the Bank's CRA performance pursuant to the following criteria: Loan-to-Deposit ratio, assessment area concentration, geographic distribution of loans, income of the borrower, and response to CRA complaints. The evaluation included the period from September 30, 2008 through May 2, 2011. Data utilized in the analysis was obtained from the Bank's Loan Application Registers ("LAR") maintained pursuant to the Home Mortgage Disclosure Act ("HMDA") for the years 2009 and 2010. Additionally, the first quarter of 2011 was included for trend purposes.

As of the date of the evaluation, residential real estate lending comprised 94.8 percent of the Bank's loan portfolio, all of which were 1-4 family residential housing products. The Bank's 2009 performance was compared to the 2009 aggregate lending data as this is the most recent data available. Aggregate data includes all financial institutions that originated loans in the Bank's assessment area and reported pursuant to HMDA.

Unless otherwise noted, demographic data referenced throughout the evaluation was obtained from the 2000 United States Census. Financial data about the Bank was obtained from the March 31, 2011 Federal Financial Institution Examination Council Call Report.

## PERFORMANCE CONTEXT

### Description of Institution

Wrentham Co-operative Bank is a mutually owned financial institution headquartered at 102 South Street in Wrentham, Massachusetts. As of March 31, 2011, the Bank's total assets were \$110.1 million. Total assets have grown 17.3 percent since the last CRA evaluation conducted by the FDIC as of September 29, 2008. Wrentham Co-operative Bank has one wholly-owned subsidiary, Wrentham Corporation One, which was formed to hold a portion of the Bank's securities. As of April 30, 2011, the subsidiary had total assets of \$14.1 million. The Bank also operates a full-service branch at 1005 South Street in Wrentham, across from the Wrentham Village Premium Outlet Mall. No branches have opened or closed since the previous examination. The hours and services offered at each full service branch are reasonable and convenient.

The primary business focus of Wrentham Co-operative Bank is to serve the credit and deposit needs of the local community. According to the March 2011 Call Report, loans accounted for approximately 43 percent of assets. A review of the distribution of loans revealed that the origination of residential loans represents approximately 94.8 percent of all lending activity. No loans were sold on the secondary market. Table 1 illustrates the institution's loan portfolio composition as of March 31, 2011.

<b>Table 1 - Loan Distribution as of March 31, 2011</b>		
	<b>Dollar Amount \$(000s)</b>	<b>Percent of Total Loans (%)</b>
Construction and Land Development	86	0.2
1-4 Family Residential	45,495	94.8
Commercial	1,667	3.5
<b>Total Real Estate Loans</b>	<b>47,248</b>	<b>98.5</b>
Commercial and Industrial	278	0.6
Consumer	456	1.0
<b>Total Loans</b>	<b>47,982</b>	<b>100.0</b>

*Source: March 31 2011 Call Report*

The Bank offers full lines of personal and business banking including lending, deposit and wealth management services. On the personal banking side, the Bank offers checking and savings accounts, mortgages and home equity loans, savings bonds, personal loans and "design your own" certificates of deposit, as well as online banking with online bill payment services. For small business customers, the Bank offers several products including merchant credit cards, checking, money market and savings accounts, commercial loans and commercial real estate loans.

The previous CRA evaluation was conducted by the FDIC as of September 29, 2008. A CRA rating of "Satisfactory" was assigned. The last examination conducted by the Division as of September 12, 2005 resulted in a rating of "Satisfactory."

There are no apparent financial or legal impediments that would limit the Bank's ability to help meet the credit needs of its assessment area. Based upon the Bank's asset size, product offerings, and branch network, its ability to help meet local credit needs remains satisfactory.

## Description of Assessment Area

The CRA requires financial institutions to define an assessment area within which its CRA performance will be evaluated. Wrentham Co-operative Bank has defined the municipalities of Wrentham, Plainville and Franklin as its assessment area. All Census tracts are located in Norfolk County, within the Boston-Quincy, Massachusetts Metropolitan Division (MA-MD). The assessment area was extended to include Franklin in February 2011. The assessment area as currently defined meets the technical requirements of the CRA regulation since it (1) consists of one or more political subdivisions; (2) includes the geographies where the Bank has its main office, branches, and deposit-taking ATMs, as well as the surrounding geographies in which the Bank originated a substantial portion of its loans; (3) consists of whole Census tracts; (4) does not extend substantially beyond state borders; (5) does not reflect illegal discrimination; and (6) does not arbitrarily exclude low- and moderate-income areas.

To assess the Bank's lending performance, consideration was given to certain demographic data about the assessment area. Table 2 highlights some of the relevant demographic data, and each is briefly discussed below.

<b>Table 2 - Demographic Information</b>					
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>
Geographies (Census Tracts)	7	0	0	28.6	71.4
Population by Geography	47,797	0	0	27.4	72.6
Owner-Occupied Housing by Geography	13,322	0	0	26.6	73.4
Family Distribution by Income Level	12,583	10.8	12.5	22.8	53.9
Distribution of Low- and Moderate-Income Families throughout AA Geographies	2,935	0	0	36.6	63.4
Median Family Income		\$80,647	Average Median Housing Sales Price (2010) Unemployment Rate (2011)		\$329,833  8.5
HUD Adjusted Median Family Income for 2010		\$85,200			
Households Below Poverty Level		3.9			

*Source: 2000 US Census and 2010 HUD updated MFI.*

### ***Geographies***

This assessment area is comprised of 7 Census tracts, of which 2 or 28.6 percent, are defined as middle-income; and 5 or 71.4 percent, are defined as upper-income. There are no low- or moderate-income Census tracts within the assessment area.

### ***Population***

Based on 2000 U.S. Census data, the total population of the assessment area is 47,797 individuals. Of the total population within the assessment area, 27.4 percent reside in middle-income Census tracts, and 72.6 percent reside in upper-income tracts. Households total 16,565, of which 15.8 percent are low-income; 12.7 percent moderate-income; 18.4 percent middle-income; and 53.1 percent are upper income.

### ***Family Distribution***

Providing further insight into the demographic composition of the assessment area population is the number of families at each income level. According to the 2000 Census, of the 12,583 families in the assessment area, 10.8 percent are low-income, 12.5 percent are moderate income, 22.5 percent are middle income, and 53.9 percent are upper income. Additionally, only 2.7 percent of the assessment area families are below the poverty level. The US Department of Housing and Urban Development (“HUD”) publishes annual estimates of median family income that are adjusted for inflation and other economic events. The HUD adjusted Median Family Income (“MFI”) for the assessment area was \$85,200 in 2010.

### ***Housing***

Housing units within the assessment area total 16,945, of which 13,322, or 78.6 percent, are owner-occupied, and 3,415, or 20.2 percent, are rental units. Of the owner-occupied units within the assessment area, 26.6 percent are in middle-income tracts, and 73.4 percent are in upper-income tracts. A total of 2.6 percent are vacant units.

According to 2000 U.S. Census data, the median housing price was \$214,068. More recent data obtained from the *Warren Group* indicated that the 2009 and 2010 median housing values in the assessment area ranged from a low of \$318,500 in Plainville to a high of \$341,000 in Franklin. Average prices fell slightly from 2009 to 2010, with an average median sales price of 330,917 in 2009, and 329,833 in 2010. This is still above the 2010 median Massachusetts sales price of \$275,000, from which it can be inferred that the assessment area has a relatively high cost for housing.

### ***Unemployment***

According to the United States Department of Labor, the projected March 2011 unemployment rate for Massachusetts was 8.0 percent. The unemployment rate in Norfolk County was 6.8 percent projected as of March 2011. The average unemployment rate of all municipalities included in the assessment area was 8.5 percent.

### ***Competition***

Wrentham Co-operative Bank operates in a competitive market in terms of financial services. The Bank competes for loans with numerous banks, credit unions, and non-depository mortgage lenders that operate in the area. In 2009, 230 lenders reported a total of 4,223 residential mortgage loans originated or purchased within the Bank’s assessment area, within which the Bank ranks 27<sup>th</sup> with a market share of 0.9 percent. Among the more prominent financial institutions competing with Wrentham Co-operative Bank are Bank of America, CitiBank, JP Morgan Chase, and Wells Fargo. The Bank considers Dean Co-operative Bank and Foxboro Federal Savings Bank as its primary competition for deposits and lending, respectively.

### ***Community Contact***

A community contact was conducted in conjunction with this CRA evaluation. The contact was conducted with a government community development agency focused on housing. The contact was very satisfied with financial institutions’ involvement with the community. In particular, the contact named Wrentham Co-operative Bank specifically as an institution that provided excellent deposit customer service for the local residents. However, the organization did note that a lack of funding for affordable housing programs in a strained economic environment has created a significant need. The contact noted that certain financial institutions could offer financial literacy or antifraud seminars as a possible means of aid to low-income families or elderly members of the community, who are particularly at risk.

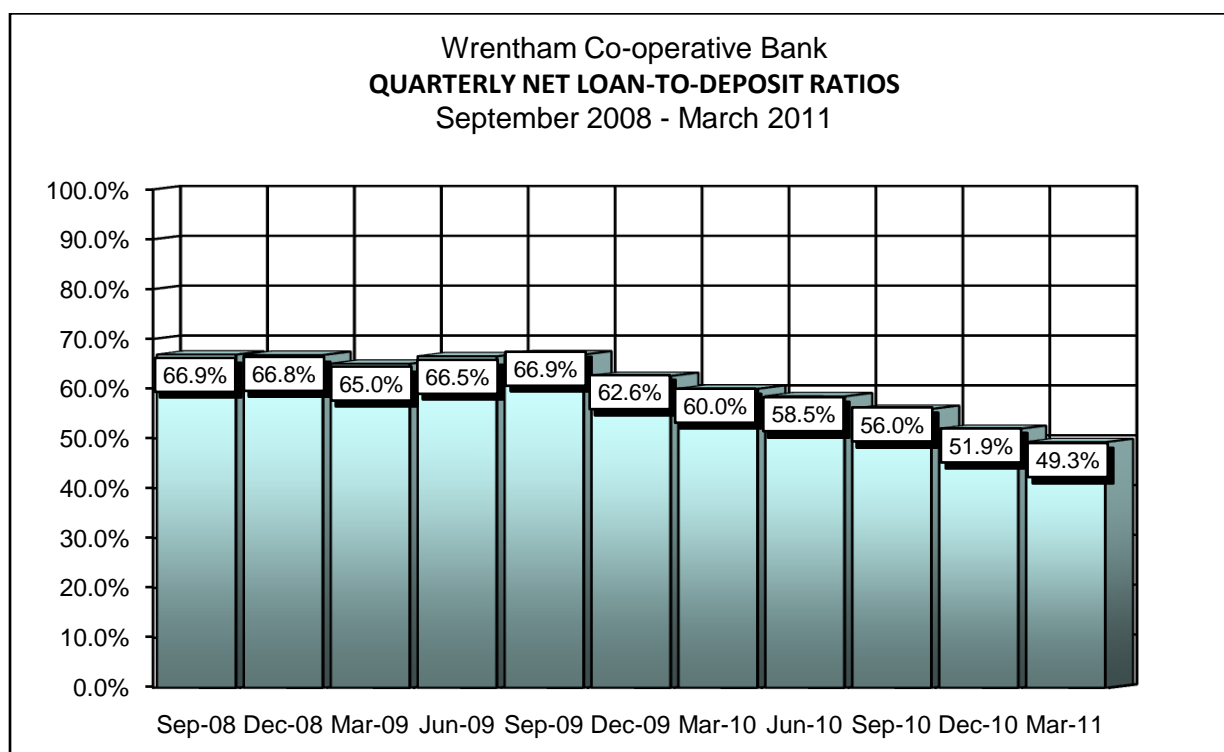
## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

The Small Institution CRA evaluation procedures utilize five performance criteria: loan-to-deposit (LTD) ratio, assessment area concentration, lending to borrowers of different incomes (borrower profile), geographic distribution of loans and the Bank's record of taking action in response to CRA complaints.

### Loan to Deposit Analysis

This performance criterion evaluates the proportion of the Bank's deposit base that is reinvested in the form of loans. The analysis was performed using FFIEC quarterly call report data for the period ending September 30, 2008 through March 31, 2011. The analysis was conducted to determine the extent of the Bank's lending compared to deposits received from its customers.

Wrentham Co-operative Bank's average LTD ratio for the time period was calculated at 60.9 percent and is considered adequate given the Bank's size, financial condition, and the assessment area credit needs. The following graph depicts the net LTD ratios for each quarter under review.



Over the 11 quarters since the previous evaluation, the LTD ratio has generally fallen, from a high of 66.9 percent in September 2008 falling to a low of 49.3 percent in March 2011. It was noted that deposits increased by 20.8 percent while the loan portfolio fell by 10.9 percent. As mentioned before, the Bank did not sell any loans on the secondary market for the period under review. Upon discussions with Bank management, the reduction in the loan portfolio was a result of the Bank's customers refinancing with other financial institutions who offered historically low mortgage rates during 2010. For a variety of reasons including the relatively small size of the institution, Wrentham Co-operative Bank did not match these lenders' rates due to the inherent interest rate risk posed by such transactions. As a result, a large number of loans were paid off in 2010, which the Bank was unable to compensate for with new originations.

The most recent LTD ratio was also compared to some similarly situated institutions to assist in forming conclusions about the appropriateness of the Bank's LTD. As displayed in Table 3 below, the Bank's LTD ratio is lower than those of similarly situated institutions. However, given the Bank's loan portfolio reduction and the inversely proportional growth in deposits, the differences between the Bank's LTD and that of similarly situated institutions is reasonable. Based on the above, the Bank meets the standards for satisfactory performance for this criterion.

<b>Table 3 Net Loan-to-Deposit Ratio Comparison</b>		
Institution	LTD ratio* (%)	Asset Size* \$(000)
Avon Co-operative Bank	69.6	66,192
Foxboro Federal Savings	67.6	138,641
Dean Co-operative Bank	83.9	219,396
<b>Wrentham Co-operative Bank</b>	<b>49.3</b>	<b>110,119</b>

\*as of March 31, 2011

### Assessment Area Concentration

This performance criterion measures the percentage of the Bank's lending that benefits assessment area residents, and evaluates the adequacy of such lending. Overall, the Bank originated a majority of loans in its assessment area during the evaluation period.

In 2009 and 2010, the Bank originated a total of 96 home mortgage loans totaling approximately \$20.7 million. Of the combined loans, 65, or 67.7 percent by number and \$13.2 million, or 63.8 percent by dollar amount, were originated within the Bank's delineated assessment area. Each year is shown below in Table 4.

<b>Table 4 - Distribution of Home Mortgage Loans Inside and Outside of Assessment Area</b>										
Year	Number of Loans					Dollar Volume (000)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
2009	39	66.1	20	33.9	59	8,866	63.2	5,165	36.8	14,131
2010	26	70.3	11	29.7	37	4,324	65.1	2,320	34.9	6,644
<b>Total</b>	<b>65</b>	<b>67.7</b>	<b>31</b>	<b>32.3</b>	<b>96</b>	<b>13,190</b>	<b>63.8</b>	<b>7,485</b>	<b>36.2</b>	<b>20,675</b>

Source: HMDA LARs 2009 and 2010

As reflected in Table 4, in 2009, Wrentham Co-operative Bank originated 39 home mortgage loans totaling approximately \$9 million, representing 66.1 percent by number and 63.2 percent by dollar amount, within the Bank's assessment area. Of those 39 loans, 3 or 7.7 percent were for home purchase loans, 11 or 28.2 percent were home improvement loans, and 25 or 64.1 percent were refinance transactions.

In 2010, there was a decrease in overall lending within the assessment area. The Bank reported 26 loans totaling \$4.3 million, representing 70.3 percent by number and 65.1 percent by dollar amount, within the Bank's assessment area. Closer review of the loans indicated that 23 or 88.4 percent were refinances, 2 or 7.7 percent were home improvement loans, and 1 or 3.9 percent was a home purchase loan. These figures are indicative of the overall decrease in refinance activity following the initial influx of refinances in 2009.



Additionally, the first quarter of 2011 HMDA originations were reviewed, and it appears to follow the trend of the institution's distribution of loans inside and outside of the assessment area. In the first quarter of 2011, there were 10 originations, 60.0 percent of which occurred within the assessment area.

Wrentham Co-operative Bank meets the standards for satisfactory performance as a majority of its residential loans are made within the assessment area.

## Borrower Profile

The distribution of loans predicated on borrower income was reviewed to determine the extent to which the Bank addressed the credit needs of its residents within its assessment area during the review period. The distribution of borrowers reflects, given the demographics of the assessment area and the mitigating factors of the financial institution, reasonable penetration among individuals of different income levels (including low- and moderate- income).

The Bank's performance is depicted in Table 6.

<b>Table 6 - Distribution of Home Mortgage Loans by Borrower Income</b>							
<b>Borrower Income Level</b>	<b>Family Distribution by Income Level</b>	<b>2009 Bank Lending Data</b>		<b>2009 Aggregate Lending Data</b>		<b>2010 Bank Lending Data</b>	
		<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
<b>Low</b>	<b>10.8</b>	<b>2</b>	<b>5.1</b>	<b>124</b>	<b>3.4</b>	<b>2</b>	<b>7.7</b>
<b>Moderate</b>	<b>12.5</b>	<b>1</b>	<b>2.6</b>	<b>483</b>	<b>13.2</b>	<b>4</b>	<b>15.4</b>
<b>Middle</b>	22.8	10	25.6	1,014	27.7	9	34.6
<b>Upper</b>	53.9	26	66.7	2,034	55.7	11	42.3
<b>Total</b>	<b>100.0</b>	<b>39</b>	<b>100.0</b>	<b>3,655</b>	<b>100.0</b>	<b>26</b>	<b>100.0</b>

*Source: 2000 U.S. Census Data; 2009 and 2010 HMDA LARs; Home Mortgage Aggregate Data 2009. Omits lending for which income is not available.*

In 2009, the Bank originated 2 home mortgage loans to low-income borrowers, which is higher than the aggregate market data for the same category. For moderate income borrowers in 2009, 2.6 percent of loans were distributed to borrowers within this income category. This is significantly below both the aggregate level of moderate income originations. However, 2010 showed a significant increase in lending in this income category.

In 2010, despite a decrease in overall lending, the Bank increased its proportion of lending to low- and moderate-income borrowers. For the first quarter of 2011, there were no originations to low-income applications. However, 1 loan, representing 16.7 percent of the originations within the assessment area was granted to a moderate-income borrower, suggesting a trend similar to the 2010 HMDA originations.

The home mortgage lending results, specifically the increased percentages to low- and moderate-income borrowers in 2010, exhibit the Bank's commitment to originating loans with borrowers of different income levels throughout the assessment area. However, with a low volume of originations, a small number of loans have a significant impact on the distribution of loans.

Overall, based on the above information, the loan distribution by borrower income meets the standards of satisfactory performance.

### **Fair Lending Policies and Practices and Response to CRA Complaints**

Based upon the review of the Bank's public comment file and its performance relative to fair lending policies and practices, no violations of the anti-discrimination laws and regulations were identified. A review of the Division's records, as well as the Public File maintained by the Bank pursuant to CRA regulations, disclosed no complaints since the previous examination. The Bank handles all complaints as they are received, delegating to the proper departments as necessary.

Currently, the Bank has 16.5 full time equivalent employees. English is the only language spoken by the Bank staff.

The Bank's loan policy prohibits discrimination against as defined under the Equal Credit Opportunity Act (ECOA) and the Fair Housing Act (FHA). Also included in the Bank's loan policy are procedures for the second review process of denied loan applications.

### **MINORITY APPLICATION FLOW**

A review of residential loan applications was conducted in order to determine the number of HMDA-reportable credit applications the Bank received from minority applicants.

The racial and ethnic composition of the assessment area is 4.2 percent minority and 1.0 percent Hispanic. For 2009, aggregate data for all other HMDA reporters within the assessment area shows that 3.8 percent of all applications were from racial minorities with 1.3 percent of applications from Hispanic applicants.

The Bank's low level of applications makes meaningful comparisons with the area demographics and the aggregate performance difficult. For example, for 2009, the Bank received 1 application from a Hispanic applicant, representing 1.9 percent of total applications and exceeding the aggregate.

In 2010, there was one minority application compared to none in 2009, representing 2.9 percent of total applications. Two joint applications were received with a borrower of Hispanic ethnicity, representing an increase to 5.7 percent of total originations.

No Minority Applications have been received as of the first quarter of 2011.

## Geographic Distribution

Due to the absence of low- and moderate-income geographies within the assessment area, the Bank's performance pursuant to this criterion was considered to weigh little in the overall rating of this examination. However, a review of Wrentham Co-operative Bank's lending throughout the area's middle- and upper income tracts reflects performance consistent with the Bank's overall rating.

Overall, the Bank's geographic distribution of home mortgage loans reflects adequate dispersion throughout its assessment area. Table 5 represents the distribution of home mortgage loans by income category of the Census tract for 2009 and 2010, and provides information about the 2009 aggregate market data and the percentage of owner-occupied housing units within each Census tract category in the Bank's assessment area.

<b>Table 5 – Number Distribution of Home Mortgage Loans by Income Category of the Census Tract</b>							
<b>Census Tract Income Level</b>	<b>% of Total Owner-Occupied Housing Units</b>	<b>2009 Bank Lending Data</b>		<b>2009 Aggregate Lending Data</b>		<b>2010 Bank Lending Data</b>	
		<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
<b>Middle</b>	26.6	4	10.3	910	21.8	3	11.5
<b>Upper</b>	73.4	35	89.7	3,274	78.2	23	88.5
<b>Total</b>	<b>100.0</b>	<b>39</b>	<b>100.0</b>	<b>4,184</b>	<b>100.0</b>	<b>26</b>	<b>100.0</b>

*Source: U.S. Census (2000), HMDA LAR 2009 and 2010, and Home Mortgage Aggregate Data 2009.*

In 2009, the Bank's distribution of originations is concentrated in upper income Census tracts. The Bank's 2010 geographic distribution is comparable to 2009. The Bank's lending throughout the assessment area is consistent with the location of its branches. The Bank's two branches are both located in upper-income Census tracts. There is no branch presence in Plainville or Franklin, which contain middle-income Census tracts.

In the first quarter of 2011, the Bank originated 16.7 percent of its loans in middle-income Census tracts within the assessment area, and 83.3 percent of loans in upper-income Census tracts. This appears to follow the general positive trends of 2009 and 2010 originations.

Based on the above, the Bank meets the standards for satisfactory performance.

# PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at 102 South Street, Wrentham, MA 02093"

- 4) Provide a copy of its current evaluation to the public, upon request. The institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.